

Message Text

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ACTION STR-07

INFO OCT-01 ISO-00 IO-13 AF-10 ARA-10 EA-10 EUR-12
NEA-10 STRE-00 CIAE-00 DODE-00 NSAE-00 NSCE-00
SSO-00 ICAE-00 INRE-00 AGRE-00 CEA-01 COME-00
EB-08 FRB-03 H-01 INR-10 INT-05 L-03 LAB-04
PA-01 CTME-00 AID-05 SS-15 ITC-01 TRSE-00 SP-02
SOE-02 OMB-01 DOE-15 OIC-02 DOEE-00 /152 W
-----002283 131906Z /40

O 131844Z JUL 78

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 2026

INFO AMEMBASSY BANGKOK

AMEMBASSY BELGRADE

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMCONSUL HONG KONG

AMEMBASSY ISLAMABAD

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY MEXICO

AMEMBASSY NEW DELHI

AMEMBASSY SEOUL

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USMTN, USEEC

ACTION STR

STR PASS CODEL

EO 11652

TAGS: MTN, ETRD, TH, YO, BR, BE, HK, PK, MY, RP, MX, IN,

SUBJECT: MTN: AMBASSADOR STRAUSS' MEETINGS WITH LDC

LEADERS

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REF: GENEVA 10535

1. SUMMARY: IN TWO BREAKFAST MEETINGS WITH KEY LDC
LEADERS, AMBASSADOR STRAUSS EXPRESSED CONFIDENCE IN
EVENTUAL SUCCESSFUL OUTCOME OF MTN, AND CALLED ON LDC'S
TO PARTICIPATE MEANINGFULLY AND REALISTICALLY IN ITS'

CLOSING PHASES. LDC LEADERS EMPHASIZED THEIR CONCERN ON SELECTIVE SAFEGUARDS AND PERCEIVED LACK OF ATTENTION TO LDC INTERESTS. END SUMMARY.

2. IN CONTINUATION OF MEETINGS OF AMBASSADOR STRAUSS WITH KEY LDC MTN REPRESENTATIVES, AMBASSADORS STRAUSS, MCDONALD, WOLFF, ET. AL, HELD BREAKFAST MEETINGS ON JULY 11 AND 12 WITH REPRESENTATIVES FROM BRAZIL, MEXICO, YUGOSLAVIA, PAKISTAN, INDIA, KOREA, HONG KONG, MALAYSIA, PHILIPPINES AND THAILAND. AMBASSADOR STRAUSS NOTED SATISFACTION WITH RESULTS ACHIEVED TO DATE, AND PROSPECT THAT CONTINUING NEGOTIATIONS IN NEXT FEW MONTHS COULD LEAD TO SIGNIFICANT RESULTS IN MTN.

3. PRINCIPAL LDC CONCERNS AT THIS STAGE OF NEGOTIATIONS WERE AS FOLLOWS:

-- OVERRIDING CONCERN WAS PROPOSED SELECTIVITY IN SAFEGUARDS AND DC EROSION OF MFN PRINCIPLE. MOST LDC'S COULD ACCEPT US PROPOSALS TO DATE IN THIS AREA BRINGING CONSENSUAL SELECTIVITY UNDER A SAFEGUARDS CODE, BUT EXPRESSED FEAR US WOULD EVENTUALLY ACCOMMODATE EC DEMAND FOR EMERGENCY NON-CONSENSUAL SELECTIVITY WHICH WOULD MAKE WHOLE PROPOSAL INTOLERABLE FOR ADVANCED LDCS. CONCERN WAS ALSO EXPRESSED ON PROBLEM THAT "CUMULATIVE CONCEPT" OF IMPORT INJURY WOULD FLOURISH UNDER ANY SELECTIVITY PROVISION, WITH ONLY LDC IMPORTS IDENTIFIED AS THOSE ADDITIONAL IMPORTS ADDING LIMITED OFFICIAL USE

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TO INJURY.

-- LDC'S PERCEIVED NEED TO SUBSIDIZE SOME OF THEIR EXPORTS IN NON-INJURIOUS WAYS;

-- FEAR THAT "TECHNICIANS" WERE INTRODUCING COMPLICATED EXTRANEUS ELEMENTS AT THE LAST MOMENT WHICH COULD "DESTROY" MTN, SUCH AS SEEKING TO INTRODUCE CONCEPT OF LDC "GRADUATION" INTO ALL THE CODES AND OTHER AGREEMENTS WHICH BY CREATING VARIOUS SUBGROUPS WITHIN LDC'S WOULD LEAD TO PROLIFERATION OF SPECIAL LOME-TYPE DC-LDC "TRICKY" TRADE DEALS WHEN MANY LDC'S WERE ALREADY "SUFFERING" EFFECTS OF LOME TRADE PREFERENCES;

-- GRADUATION SHOULD RESULT FROM NATURAL PROCESS OF DEVELOPMENT AND NOT THROUGH ARBITRARY, AUTOMATIC PROCEDURES, AND SHOULD BE LEFT FOR DISCUSSION IN NORTH-SOUTH POLITICAL FORUMS, AND NOT IN GATT WHICH HAD SURVIVED BY BEING FLEXIBLE AND THEREBY NOT BEING DAMAGED BY INSOLUBLE PROBLEMS;
-- INSIGNIFICANT TARIFF OFFERS RECEIVED SOME OF WHICH WERE BEING WITHDRAWN; LACK OF OFFERS ON MANY AGRICULTURAL PRODUCTS; NO DEEPER-THAN-FORMULA OFFERS ON PRODUCTS OF INTE-

REST TO LDC'S; AND GENERAL DC DENIGRATION OF THOSE LDC
SPECIFIC OFFERS THAT HAD BEEN TABLED;

-- LDC'S NEED RIGHT TO IMPOSE EXPORT CONTROLS ON SCARCE
NATURAL RESOURCES FOR DEVELOPMENT PURPOSES.

4. U.S. SIDE SAID IT WAS WORKING ACTIVELY TO PREVENT
"UNRAVELING" PROCESS IN TARIFF OFFERS, AND HAD BEEN CARRY-
ING FIGHT ON SELECTIVITY ISSUE. U.S. SIDE OBSERVED,
HOWEVER, THAT IT COULD NOT TAKE ALL THE BURDEN OF TRADE
LIBERALIZATION, AND THAT LDC'S COULD BE MORE HELPFUL BY
TABLING MEANINGFUL OFFERS, AND PARTICIPATING SUBSTANTIVELY
AND REALISTICALLY IN THE CODE NEGOTIATIONS WHERE THERE

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NEA-10 CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00
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OMB-01 DOE-15 OIC-02 DOEE-00 IO-13 /152 W
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TO SECSTATE WASHDC IMMEDIATE 2027

INFO AMEMBASSY BANGKOK

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WAS NEED FOR REALISTIC PROPOSALS FOR SPECIAL AND DIFFERENTIAL TREATMENT. GRADUATION WAS, HOWEVER, ONE ISSUE ON WHICH U.S. SIDE MUST DISAGREE, AS PRINCIPLE OF PHASING OUT SPECIAL BENEFITS AND ASSUMING ADDITIONAL OBLIGATIONS WAS KEY TO MEETING LDC REQUESTS AT LEAST PART-WAY WHILE FULLY INTEGRATING DEVELOPING COUNTRIES INTO THE INTERNATIONAL LIMITED OFFICIAL USE

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TRADING SYSTEM.

5. COMMENT: AT LEAST SOME LDC LEADERS ARE BECOMING INCREASINGLY AWARE OF THE NEED FOR THEM TO ABANDON RIGID ALL-OR-NOTHING POSITIONS IF THEY ARE TO INFLUENCE OUTCOME OF THE NEGOTIATIONS IN SPECIFIC AREAS.

6. DRAFTED BY GRAEF AND KNEPPER. MCDONALD

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
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